

105TH CONGRESS
1ST SESSION

H. R. 2196

To reduce the Federal funds to be provided to any international financial institution by the United States portion of any subsidy provided by the institution to the People's Republic of China.

IN THE HOUSE OF REPRESENTATIVES

JULY 17, 1997

Mr. SOLOMON (for himself, Mr. COX of California, Mr. GILMAN, Mr. SPENCE, Mr. ROHRABACHER, Mr. MCINTOSH, Mr. GIBBONS, and Mr. SHADEGG) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To reduce the Federal funds to be provided to any international financial institution by the United States portion of any subsidy provided by the institution to the People's Republic of China.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Communist China Sub-
5 sidy Reduction Act of 1997”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds that—

1 (1) the People's Republic of China has enjoyed
2 ready access to international capital through com-
3 mercial loans, direct investment, sales of securities,
4 bond sales, and foreign aid;

5 (2) regarding international commercial lending,
6 the People's Republic of China had \$48,000,000,000
7 in loans outstanding from private creditors in 1995;

8 (3) regarding international direct investment,
9 international direct investment in the People's Re-
10 public of China from 1993 through 1995 totaled
11 \$97,151,000,000, and in 1996 alone totaled
12 \$47,000,000,000;

13 (4) regarding investment in Chinese securities,
14 the aggregate value of outstanding Chinese securi-
15 ties currently held by Chinese nationals and foreign
16 persons is \$175,000,000,000, and from 1993
17 through 1995 foreign persons invested
18 \$10,540,000,000 in Chinese stocks;

19 (5) regarding investment in Chinese bonds, en-
20 tities controlled by the Government of the People's
21 Republic of China have issued 75 bonds since 1988,
22 including 36 dollar-denominated bond offerings val-
23 ued at more than \$6,700,000,000, and the total
24 value of long-term Chinese bonds outstanding as of
25 January 1, 1996, was \$11,709,000,000;

1 (6) regarding international assistance, the Peo-
2 ple's Republic of China received almost
3 \$1,000,000,000 in foreign aid grants and an addi-
4 tional \$1,566,000,000 in technical assistance grants
5 from 1993 through 1995, and in 1995 received
6 \$5,540,000,000 in bilateral assistance loans, includ-
7 ing concessional aid, export credits, and related as-
8 sistance; and

9 (7) regarding international financial institu-
10 tions—

11 (A) despite the People's Republic of Chi-
12 na's access to international capital and world fi-
13 nancial markets, international financial institu-
14 tions have annually provided it with more than
15 \$4,000,000,000 in loans in recent years,
16 amounting to almost a third of the loan com-
17 mitments of the Asian Development Bank and
18 17.1 percent of the loan approvals by the Inter-
19 national Bank for Reconstruction and Develop-
20 ment in 1995; and

21 (B) the People's Republic of China bor-
22 rows more from the International Bank for Re-
23 construction and Development and the Asian
24 Development Bank than any other country, and
25 loan commitments from those institutions to the

1 People's Republic of China quadrupled from
2 \$1,100,000,000 in 1985 to \$4,300,000,000 by
3 1995.

4 **SEC. 3. FEDERAL FUNDS FOR EACH INTERNATIONAL FI-**
5 **NANCIAL INSTITUTION TO BE REDUCED BY**
6 **THE UNITED STATES PORTION OF SUBSIDIES**
7 **PROVIDED BY THE INSTITUTION TO THE PEO-**
8 **PLE'S REPUBLIC OF CHINA.**

9 (a) DETERMINATION.—Not later than May 1 of each
10 year, the Secretary of the Treasury shall determine, with
11 respect to each international financial institution (as de-
12 fined in section 1702(c)(2) of the International Financial
13 Institutions Act) the amount of the United States portion
14 of any subsidy (whether direct or indirect, or in the form
15 of loans, cash, or in-kind assistance) provided by the insti-
16 tution during the then most recently completed fiscal year
17 of the institution, to the People's Republic of China, any
18 citizen or national of the People's Republic of China, or
19 any entity established in the People's Republic of China.

20 (b) REDUCTION IN UNITED STATES PAYMENTS.—
21 The Secretary of the Treasury shall reduce the amount
22 that would otherwise be paid by the United States to an
23 international financial institution (as defined in section
24 1702(c)(2) of the International Financial Institutions Act)
25 during a fiscal year by an amount equal to the amount

1 determined under subsection (a) of this section with re-
2 spect to the institution for the then most recently com-
3 pleted fiscal year of the institution.

4 (c) SUBSIDY DEFINED.—As used in this section, the
5 term “subsidy” includes a loan made on terms not avail-
6 able from a private lending institution.

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